



# Accessing Credit Reports for Foster Youth

## A REFERENCE GUIDE FOR CHILD WELFARE AGENCIES

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Credit Builders Alliance (CBA) is an innovative, nonprofit social enterprise that empowers a diverse network of nonprofits and public entities to help low- and moderate-income individuals and families build strong credit and other financial assets. CBA's theory of change is that building credit is a critical part of the asset building pathway to improved financial stability. With demonstrated expertise in supporting over 300 member nonprofits and government agencies to access electronic credit reports for financial counseling, responsibly report credit data, and increase organizational impact, CBA also provides innovative training and technical assistance to organizations so they may better serve their communities in this changing credit economy. For more information, visit [www.creditbuildersalliance.org](http://www.creditbuildersalliance.org) or contact [programs@creditbuildersalliance.org](mailto:programs@creditbuildersalliance.org).

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## INTRODUCTION

Every year, tens of thousands of young people age out of foster care with no permanent home and no parent to help them navigate the road to adulthood. For many, this transition is further complicated by having no or poor credit, which they may discover for the first time when they apply for a job, apartment, cell phone service, bank account, car or student loan. And this matters. As many as 100 million Americans are excluded from the mainstream credit system today due to thin or poor credit histories. A disproportionately large number are low-income.<sup>1</sup> Without good credit, individuals and families have limited -- and more expensive -- financial and other choices. Many depend on predatory financial service providers, who aggressively market expensive payday loans, check cashing services and direct deposit advances, to cope with emergencies or even manage their monthly cash flow. This can lead to a vicious cycle of debt and financial instability.

Yet youth transitioning out of foster care are often unfamiliar with the importance of good credit and, in some cases, they may actually have poor credit records. Initial research suggests that 5-10% of youth in foster care have negative credit files due to creditor errors (for example, a hospital wrongly billing the youth), mixed identity, incorrect or fraudulent use of a youth's name or Social Security Number on delinquent accounts, or even more severe instances of identity theft and fraud. In response to the growing awareness of this issue, Congress enacted a law in 2011 mandating that "Each child in foster care under the responsibility of the state who has attained 16 years of age receives without cost a copy of any consumer report (as defined in Section 603(d) of the Fair Credit Reporting Act) pertaining to the child each year until the child is discharged from care and receives assistance (including, when feasible, from any court-appointed advocate for the child) in interpreting and resolving any inaccuracies in the report."<sup>2</sup>

This reference guide is intended to provide child welfare agencies (CWAs) with basic information about the platforms and services the three major credit reporting agencies (CRAs) – TransUnion, Experian, and Equifax -- offer to help CWAs meet the federal requirements. It also presents decision makers with ideas and general approaches to consider when determining how to implement the mandate specific to their respective agency's structure, capacity and scale. Finally, it reinforces the importance of good credit as a financial asset and the opportunity this mandate presents to help youth build credit as they transition out of foster care. The guide includes five sections and two appendices -- a quick reference on definitions and acronyms and a list of financial education resources for youth:

### **1. Procedures for Accessing Credit Reports for Youth in Foster Care**

This section outlines the CRA processes available to child welfare agencies for accessing reports.

### **2. Understanding Which Report is Being Accessed**

This section highlights some of the key differences between the two types of credit reports an agency may access from the CRAs – a consumer disclosure report or a business division report – and describes some of the benefits and challenges of each.

### **3. Approaches to Consider When Interpreting and Remediating Reports**

This section describes different approaches that child welfare agencies may wish to consider when devising a plan to interpret and resolve errors on youth credit reports.

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<sup>1</sup> Turner, Michael et al., [A New Pathway to Financial Inclusion: Alternative Data, Credit Building, and Responsible Lending in the Wake of the Great Recession](#), Policy & Economic Research Council (PERC), 2012

<sup>2</sup> Child and Family Services Improvement and Innovation Act of 2011 (Public Law 112-34)

#### **4. Promoting Credit as an Asset for Youth in Care and Beyond**

This section suggests that the credit check requirement presents a unique opportunity to educate young people in foster care about the importance of credit as a financial asset and essential building block for lifelong financial wellbeing.

#### **5. How Credit Builders Alliance Can Help**

This section lays out the ways in which Credit Builders Alliance can support child welfare agencies in their efforts to meet the federal mandate.

*The information presented in this reference guide is accurate to the best of CBA's knowledge as of June 15, 2013. CRA solutions and procedures are nuanced and subject to change. Any information should be reviewed and verified by your agency's legal counsel. Nothing in this guide is meant as legal or financial advice.*

## **SECTION 1: PROCEDURES FOR ACCESSING CREDIT REPORTS FOR YOUTH IN FOSTER CARE**

### **Youth Credit Report Request Options**

#### **Electronic versus Manual**

Typically, individuals over the age of 18 may access their credit reports through [annualcreditreport.com](http://annualcreditreport.com), the official website for consumers to obtain a free annual copy of their credit reports from each of the three major credit reporting agencies (CRAs) electronically. Youth under the age of 18, however, cannot use this platform to request a credit report because, in theory, they generally should not have a credit file. Instead, their parents or legal guardians must initiate a manual request (also known as a written request) to the CRAs directly to verify the existence or nonexistence of credit reports.

For youth in foster care, manual requests require authorized child welfare agency (CWA) staff to submit individual requests by mail. For youth ages 16 and 17, agency staff should mail in an individual request for a report on agency letterhead and include a copy of the court order that establishes the requester's legal right to act on the youth's behalf. Only proof of the youth's consent and a copy of his/her state identification is required for youth still in foster care who are 18 years or older. It is important to note that only two of the three major CRAs, TransUnion and Experian, currently allow authorized CWA staff to access credit reports manually. The third, Equifax, does not.

As an alternative to manual requests, all three CRAs do or will soon offer CWAs the option to access reports electronically without having to submit physical copies of supporting documentation for each youth. CWAs may already access TransUnion's and Equifax's online portals, and Experian's portal is expected to be available to CWAs in June 2013. These portals allow CWAs to submit requests and receive reports electronically for all youth in their care, regardless of age. While the lens of this guide assumes that most CWAs are interested in requesting youth credit reports electronically, child welfare agencies may still choose to pull reports manually instead or to use both methods. Each agency should employ whatever method best suits its own capacity, youth population size, and structure.

## The Electronic Pathway

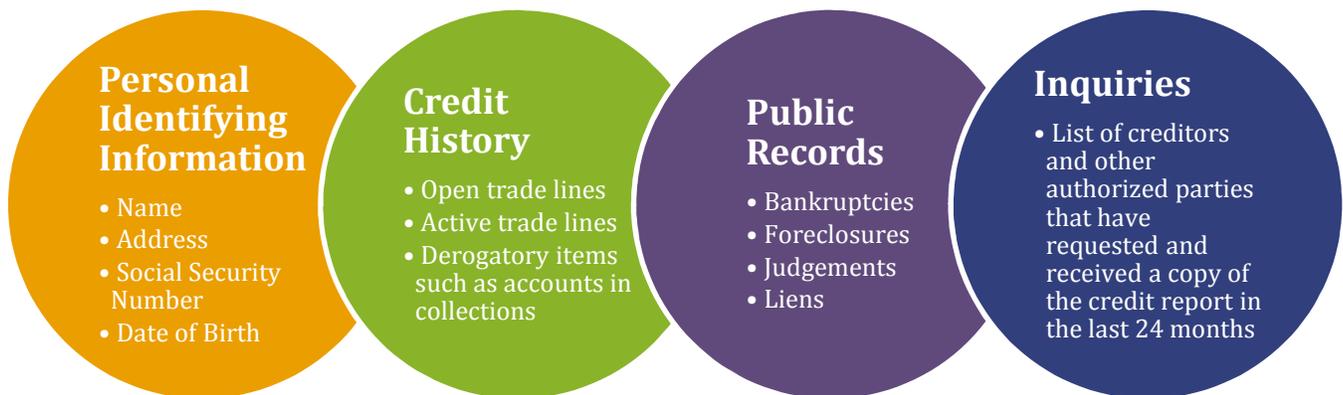
The following table is adapted from a document initially produced by New York City’s Administration for Children’s Services and is available for download on Credit Builders Alliance’s website at <http://creditbuildersalliance.org>. It describes each CRA’s general procedures for CWAs to request, and the CRAs to return, credit file information for youth in foster care. In order to request reports electronically, CWAs must sign a contract or an agreement with each CRA delineating each party’s roles and responsibilities. While there may be some contractual similarities, including that CRAs generally prefer to have a centralized point of contact within each CWA, each CRA has its own agreement with its own specific terms. A centralized system for requesting reports may also determine agreement and pricing structures (currently only Equifax charges for the service).

	TransUnion – Confirmed	Experian – Confirmed	Equifax – Pending Confirmation
Contractual Requirements for CWAs to access reports	<p>Each state, county or “hybrid” agency assigns one “Head Designate” with administrative rights to the system. The Head Designate may request and receive reports or may delegate access to other appropriate persons within the agency.</p> <p>Private not-for-profit entities that manage foster care youth on behalf of the state may also be set up to request and receive youth credit reports for permissible purposes to comply with the federal law.</p>	<p>Each state or county assigns one “Head Designate” with administrative rights to the system. The Head Designate may request and receive reports or may delegate access to other appropriate persons within the agency.</p>	<p>Requires one state-level administrator who manages all administrative and negotiating duties including the creation of sub-accounts for additional agency users.</p> <p>Sub-accounts offer local personnel a private login and password and only have access to data on youth specific to requests that they have made through that login.</p>
Data submission Requirements	<ul style="list-style-type: none"> <li>Youth’s First and Last Name</li> <li>Youth’s Social Security Number (SSN)</li> <li>Youth’s Address</li> </ul>	<ul style="list-style-type: none"> <li>Youth’s First and Last Name</li> <li>Youth’s SSN</li> <li>Youth’s Address</li> <li>Youth’s Date of Birth</li> <li>Optional: Other relevant Personal Identifying Information (PII)</li> </ul>	<ul style="list-style-type: none"> <li>Youth’s First and Last Name</li> <li>Youth’s SSN</li> <li>Youth’s Address</li> </ul>
Format of Request to CRA	<p>TU has a specific spreadsheet template that CWAs may use to request credit reports in batches of at least 50, and no more than 5000, youth in their care. CWAs must save and upload the batch request spreadsheet as a .csv file.</p> <p>CWAs may also request a single youth’s report individually through TU’s online portal, TU Direct, which is TU’s preference. Individual reports may be downloaded as pdf files.</p>	<p>Experian is developing an online portal, estimated to be live by June 2013. CWAs may upload batch requests for multiple youth at a time using an Experian template that can be created in Excel and uploaded as a .csv file. CWAs may also request and download pdfs of individual youth reports.</p>	<p>Equifax requires CWAs to submit a batch spreadsheet saved as .csv via its online portal. Equifax has not developed a specific template, just data field requirements, for this request.</p>

	TransUnion – Confirmed	Experian – Confirmed	Equifax – Pending Confirmation
Response Time from CRA	Results are returned within 24-48 hours.  Caseworkers will get immediate response to individual inquiries while batches will take more time.	Currently results are returned within 5 to 10 business days by mail. Once the electronic portal is up and running, results will be returned electronically within 24 hours.  Caseworkers will get an immediate response to individual inquiries, while batches will take more time.	Results are returned in 24-48 hours if batched, and results are returned immediately if submitted on an individual basis.  Caseworkers will get immediate response to individual inquiries, while batches will take more time.
Format of Response from CRA	Results returned on a spreadsheet. If a credit report is found, TransUnion will return it as a separate pdf document for each youth.	Experian currently mails paper files for any youth with a file back to the address requested.  Once the electronic portal is finalized, individual results will be returned onscreen and an option to print or save as a PDF will be available. For batch processing, options are to receive the results in enhanced html or PDF format and in a single file or individual files for each request.	Agencies have the option to view each report individually or to download reports in bulk via a zip file.  The electronic portal will send back a report on whether a child has a report or not. If a child has a report, Equifax will provide an on-screen credit report that can be printed out.
Fees	Currently waiving all fees. Agencies paying fees pursuant to an existing contract may specifically request a fee waiver moving forward.	All fees waived	\$500 one time set up fee plus a \$50 monthly service fee

## SECTION 2: UNDERSTANDING WHICH REPORT IS BEING ACCESSED

A credit report includes the following information:



But did you know that there is not just one credit report?

Credit reports are customized by different data sellers for the needs of different business types and the consumer. While all credit reports have the same general information, different reports may display information differently and/or not display certain information at all. For example, credit reports sold to employers will not include account numbers, or personal information protected under the equal employment opportunity laws such as year of birth or spouse references.



## Consumer Disclosure versus Business Division Credit Reports

Each of the three major CRAs offers two types of credit reports: consumer disclosure reports and business division reports. Authorized parties that request youth credit reports manually through TransUnion or Experian, and youth who are 18 or older and request their own reports through [annualcreditreport.com](http://annualcreditreport.com), will receive a consumer disclosure report. CWA staff that request youth reports electronically through each CRA's online portal will receive a business division report. There are benefits and challenges to each type of credit report, as described below, although a consumer disclosure report is generally preferred based on its readability and the greater depth of information provided about any given trade line that may exist on a youth's report.

### Consumer Disclosure Reports

Under the Fair Credit Reporting Act (FCRA), each CRA must make a consumer disclosure report available at no cost to a consumer upon request once a year. These reports are generally easy to read and include detailed information about credit accounts listed such as the names of original creditors and the dates that the accounts were opened. Consumer disclosure reports also offer educational information for consumers, such as instructions on how to dispute errors.

#### Advantages of Consumer Disclosure Reports:

1. Easy to read.
2. Include information about the "Date of First Delinquency," or the date that negative information will "age-off" of a report.
3. List the names of original creditors if an account has been sold to one or more collection agencies, which provides a pathway to disputing errors.
4. Include instructions on how to dispute errors.
5. Allow consumers to monitor and manage their own credit reports.

#### Challenges with Consumer Disclosure Reports

1. Each CRA displays the information they have linked to a consumer's identifying information. If the information entered to request the report varies, then the information in the report may vary. Only the information that is included in that report will be scored.
2. May be difficult to access online due to security questions that may use complicated wording or be confusing, which can make it difficult for consumers to answer required identification information.

## Business Division Reports

Business division reports are purchased from the CRAs by creditors and other businesses for permissible purposes as defined by the FCRA, including underwriting loans, opening bank accounts, and screening prospective renters. Certain nonprofits, including members of Credit Builders Alliance’s Credit Building Community, are also able to access business division reports for underwriting loans, financial counseling and tracking improvements to their clients’ credit over time. As noted above, Child Welfare Agencies that request reports through any of the CRAs’ online portals will receive a business division report.

Requesting business division reports generally requires less identifying information than a consumer disclosure report. In some cases, this might be beneficial for finding all names associated with the youth’s Social Security Number. It is important to understand that in many cases, it is simply a matter of the Social Security Number being associated with more than one name and is not necessarily a sign of fraud. However, additional evaluation should be done – particularly for youth in foster care who may be more susceptible to identity theft and fraud -- to determine if other identifying information or accounts are also linked to the youth. As noted in the table above, all three CRAs require CWAs to submit more than one piece of identifying information when requesting a report electronically through their online portals. However both TransUnion and Experian may offer CWAs the option to request a manual Social Security Number-only search on behalf of individual youth.

<b>Advantages of Business Division Reports</b>	<b>Challenges with Business Division Reports</b>
<ol style="list-style-type: none"><li>1. Reports may be pulled for consumers without Social Security Numbers or who may not be able to answer the security questions required to access a report online through <a href="http://annualcreditreport.com">annualcreditreport.com</a>.</li><li>2. Scores may be pulled along with reports for significantly less than the cost of purchasing a score through <a href="http://annualcreditreport.com">annualcreditreport.com</a>.</li><li>3. Reports may be pulled multiple times a year as long as they are pulled for permissible purposes.</li><li>4. Reports may be pulled in batches for greater efficiency.</li></ol>	<ol style="list-style-type: none"><li>1. Information may look different than it does on a Consumer disclosure report, may be harder to interpret, and may not include important details for disputes like the names of original creditors.</li><li>2. CRA contracts have specific covenants about how authorized pullers may and may not share report information or scores with consumers.</li><li>3. Numerous codes listed throughout the reports may be confusing.</li><li>4. Some information, such as medical debt, may not be clearly marked as such.</li><li>5. The names of original creditors may not be provided, making it harder to contact creditors directly related to disputes.</li></ol>

## SECTION 3: APPROACHES TO CONSIDER WHEN INTERPRETING AND REMEDIATING REPORTS

Pulling a credit report for a youth in foster care is only the first step in fulfilling the federal mandate. The legislation also requires that youth be assisted in interpreting their reports and resolving any inaccuracies. Since each Child Welfare Agency and the youth it serves are unique, what may work for one state or county may not be the best approach for another. With that in mind, CBA has identified three separate but not mutually exclusive approaches that agency decision makers and their partners may wish to consider. Each approach may require different capacity in terms of staffing, credit knowledge, and financial resources.

## 1. Youth Empowerment

A youth empowerment approach integrates two goals: ensuring that youth transition out of the system with a clean credit report as well as strong financial knowledge and skills about issues such as credit, banking, savings, assets, etc. This approach requires that youth work with informed and educated counselors or coaches to access and interpret their credit reports, dispute errors, identify fraud, make smart decisions, and create plans to build credit in the future. In their recently published guide, Youth and Credit: Protecting the Credit of Youth in Foster Care, Jennifer Miller and Rebecca Robuck of ChildFocus present five steps that adults can take to help youth in foster care (and young people more generally) understand their credit reports and the importance of good credit in general as they help them resolve credit issues that surface related to identity theft or fraud.<sup>3</sup>

In line with ChildFocus' youth empowerment approach, Credit Builders Alliance's theory of change is that good credit is essential to achieving and maintaining financial stability. While this is an elusive goal for millions of low-income and underserved adults who are excluded from the credit mainstream, CWAs are uniquely positioned to help youth in foster care view and value credit *as an asset* early on by leveraging the federal mandate to set the stage for a lifetime of good credit. CBA's *Credit is an Asset* training and *Credit Building Action Plan Toolkit* are designed to help staff explore tools and develop skills in order to provide relevant, timely, actionable, and measurable credit education and credit building efforts (see section 4 below for more details on credit building).



"Going from no credit score to a good one is life changing. Just having a credit score can mean the difference between renting a room in someone else's apartment and renting an apartment of your own.... "

- Tara Robinson  
Mission Asset Fund

In addition to building internal capacity to help youth value credit as an asset as they move forward as adults, CWAs may also form partnerships with nonprofit organizations and financial institutions that offer credit education and responsible financial products. Stay tuned for more information from Credit Builders Alliance and ChildFocus on agency/nonprofit partnerships, case studies and best practices in the field.

<sup>3</sup> <http://bit.ly/1179Cpz>. This Guide seeks to reinforce the importance of a youth empowerment-focused approach to fulfilling the federal credit check mandate.

Please note that in certain cases contractual restrictions with the CRAs may prohibit child welfare agencies from sharing the reports that they pull on behalf of youth with third parties such as nonprofit partners without the explicit, prior consent of the CRAs. The table below summarizes how some CRA contracts may address report sharing and confidential data handling.

**Examples from the Field: Delaware**

Delaware is a small state with approximately 250 youth in care ages 16 and 17 and an additional 150 between the ages of 18 and 21. Division of Family Services (DFS) workers and independent living coordinators may refer youth to a local nonprofit Stand By Me, whose staff will meet with youth, obtain their written consent to access soft inquiry reports, and work with the youth directly to provide help interpreting the report.

TransUnion – Confirmed	Experian - Confirmed	Equifax – Pending Confirmation
<p>The youth has the option to disclose a consumer disclosure report that he/she receives from TransUnion with anyone.</p> <p>In addition, an authorized agency employee with a need to know basis is allowed to use the youth’s report for financial counseling.</p>	<p>Authorized agency employees with a legitimate business purpose are allowed to use a youth’s report for financial counseling.</p> <p>Third party processors or agents may be able to access a youth’s report with a signed agency addendum or Processor Undertaking form.</p>	<p>Authorized agency employees with a need to know and third party processors or agents may be allowed to use the youth’s credit report for financial counseling.</p>

## 2. Clean Slate

This approach involves the agency disputing all information with creditors and CRAs directly on a youth’s behalf, regardless of age at the time of dispute, based on his or her status as a minor if the account arose prior to the youth turning 18. The agency may or may not engage youth in the dispute process as a credit education moment.

This may be a desirable approach in instances where identity theft or fraud has been perpetrated against a youth and a CWA feels it would not be in his or her best interest to discover this. However, many youth and others would argue such information should never be kept from them, as much for their own ability to protect themselves in the future as for their own financial educational empowerment. CWAs that take a clean slate approach could still consider ways to pair it with opportunities to ensure that youth have the tools to manage their credit futures.

**Examples from the Field: California (COPP, 2011)**

In 2010, the California Office of Privacy Protection (COPP) undertook a pilot with the Los Angeles County Department of Children and Family Services and the Los Angeles County Department of Consumer Affairs to review credit files for 2,110 youth in foster care between the ages of 16 and 18 and address errors and identity theft. COPP directly disputed errors with creditors on the basis of the youths’ minority status and therefore lack of capacity to enter into contracts. The fraudulent or incorrect information -- found in about 5% of all youth credit reports -- was successfully cleared. This approach did not involve youth in an t about credit reporting or the importance of credit building.

### 3. Precautionary Prevention

In the case of identity theft or fraud, agencies may wish or be required by state law to take action beyond simply disputing an account on a youth’s report. While some may go so far as to prosecute perpetrators if possible, many may at least place a security alert or credit freeze on a youth’s file. It is important to note that placing and removing credit freezes are matters of state law and can be requested by CWAs on behalf of minor youth and by youth themselves at 18 or older. A fraud alert is a parallel remedy available under the FCRA.

Child welfare agencies should be aware that credit freezes and fraud alerts will not eliminate existing credit problems for any consumer, including youth in foster care. Those services may stop future accounts from being opened if the lender uses a credit report with those warnings, but CRAs cannot stop creditors from granting or reporting credit. Also, while credit freezes will prevent new creditors from accessing an individual’s report, those with an existing relationship will still have access. As a result new trade lines may still be visible, even on a frozen report, to anyone with whom the consumer shares the report or has access due to an existing credit relationship.

#### Examples from the Field: Maryland

In 2012, Maryland CASH successfully advocated for a first-of-its-kind law in the country to allow parents/ guardians to freeze a credit record for minors or other protected persons. Leveraging that law, Maryland passed additional legislation this year that combines the implementation of the 2011 federal credit check requirement for youth in foster care and the opportunity to proactively freeze the records of minors entering into the foster care system as a precautionary approach to protecting their credit. The new state law lays out a path for the Maryland Department of Human Resources to request a security freeze on the credit of all children entering the local foster care system and tasks foster care agencies to act to resolve any issues arising on a youth’s credit report when pulled on an annual basis.

Finally, neither security freezes nor fraud alerts will directly stop other forms of identity theft such as misuse of the youth's Social Security Number and other personal identifying information, for example, to obtain employment, a tax refund or medical goods or services. Accordingly, CWAs should consider credit freezes and/or fraud alerts, but should not mistakenly believe that placing either will satisfy the statutory requirement to assist the youth in cleaning up a bad credit file. The table below summarizes how each CRA may assist CWAs with remediation processes and credit file protections. At the time of this writing, more research is being conducted by CBA to help CWAs address instances of identity theft or other fraud identified through the 2011 federal mandated credit check process for youth in foster care. For example, Experian, for the reasons stated above, is developing an identification blocking system for foster youth that would stop the creation of a credit report including the reporting of information until a youth turns 18 years of age.

TransUnion – Confirmed	Experian – Confirmed	Equifax – Pending Confirmation
TransUnion will mail the creditor a copy of the youth’s report with a letter providing the youth’s information, contact person and brief description citing what items may be fraudulent and “work with caseworker to clear up the fraud.”	Experian provides information on how to dispute directly with creditors or can do so on an agency’s behalf, including for youth over 18 who are still in the foster care system. Agencies may also dispute directly with Experian.	Agency may contact Equifax to learn more about its process for addressing instances of fraud found on a credit report.

## SECTION 4: RETHINK CREDIT AS AN ASSET FOR YOUTH IN YOUR CARE AND BEYOND

The credit check requirement presents a unique opportunity to educate young people in foster care about the importance of credit and how to protect their identities. Caseworkers, volunteers and mentors can help young people understand credit, why it is important to maintain a good credit score, and how to avoid credit and identity theft problems in the future. Credit opens up doors to safe, affordable capital so that individuals can obtain assets, manage emergencies and achieve financial self-sufficiency.

Building, re-building, and maintaining a good credit score may be the single most important factor in obtaining long term assets - a home, an education, capital for business, a car to get to work. Studies have found that families with a good credit rating will save approximately \$250,000 in interest throughout their working lives. Education about credit issues and identity theft prevention can also be the foundation for a broader focus on youth financial empowerment that includes credit building, saving, banking and financial planning.

### Credit Building: Beyond Credit Education

#### What is Credit Building?

Credit Building is creating a meaningful credit history through the act of making on-time monthly payments to a creditor that reports to the major consumer credit bureaus. In today's economy, it is primarily the mainstream creditors (i.e. banks, credit unions, credit card companies) that furnish negative AND positive data to the major consumer credit bureaus. Most other alternative creditors (i.e. payday lenders, check cashers, buy-here/pay-here retailers), landlords, medical providers, and other businesses continue to report negative data only – often through collection agencies. For low-income individuals who are underserved by mainstream financial institutions, most local financial transactions are not positively reported. Financial transactions not positively reported to the major credit bureaus do not help these individuals build credit or access lower cost credit products like prime mortgages. This Catch-22 often traps low-income and vulnerable populations in high-cost, short-term, high-risk financial products.



#### Helping Youth Build Credit

Residents living in low-income communities often lack access to responsible, affordable credit products that also offer them the opportunity to build credit by having their on-time payments reported to the CRAs. While a key component of credit building includes coaching people to adopt and practice positive financial behaviors, it is the ongoing reporting of positive data that most influences a good credit score.

#### Studies in the Field: Foster Youth Credit Building with Mission Asset Fund

Mission Asset Fund (MAF), a San Francisco-based nonprofit that offers unique financial services to financially excluded communities, recently launched the Security Deposit Loan program, a savings and credit-building program designed to help emancipated foster youth and low-income tenants secure safe apartments to call their own. MAF launched the pilot program with First Place for Youth, an Oakland-based nonprofit and California's premier service provider to emancipating foster youth. MAF is augmenting First Place's transitional housing program by offering eligible youth rent security deposit vouchers that they pay back through the course of their apartment lease agreement. MAF services the interest-free loans, reports monthly repayment activity to credit reporting agencies through Credit Builders Alliance, and provides financial education to participants.

## SECTION 5: HOW CREDIT BUILDERS ALLIANCE CAN HELP

### CBA Training, Resources and Technical Assistance

CBA's nationally recognized approach to credit building has catalyzed the nonprofit industry's acceptance and promotion of credit as a fundamental financial asset for low-income and underserved individuals and families. CBA offers the following capacity building efforts to help its growing network of nonprofits improve their organizational impact and sustainability.



#### Credit is an Asset Training

CBA's Train the Trainers helps nonprofit practitioners: 1) Understand credit building as an essential and viable activity, foundational to the successful implementation of any financial asset building strategy for low-income and underserved individuals and families; 2) Explore tools and develop skills in order to design, implement, and measure credit building programs based on client needs and goals as well as organization missions and capacities; and 3) Engage with other training participants and learn from CBA's growing Credit Building Community about best practices in credit education, access to responsible financial products, and measuring and communicating client credit outcomes. Currently, CBA's half- or full-day workshop is offered upon request by organizations. Some organizations invite CBA to specifically train their staff while others partner with several organizations in their area for a group workshop. The sponsoring organization(s) are responsible for organizing the event while the CBA trainer is specifically focused on delivering the presentation. For more information on our trainings, visit [creditbuildersalliance.org/toolkit-training/asset-based-credit-training.html](http://creditbuildersalliance.org/toolkit-training/asset-based-credit-training.html).

#### Credit Builder Action Plan Toolkit

As a companion to CBA's Credit is an Asset Training or as a stand-alone resource, this Toolkit pairs a streamlined approach to credit building program design and development with the practical tools and resources nonprofits need to help their clients build meaningful and measurable credit profiles, including how to read business division credit reports. For more information, visit [creditbuildersalliance.org/toolkit/](http://creditbuildersalliance.org/toolkit/).

#### Tailored Credit Building Program Development Technical Assistance

Whether large or small, it is not surprising that each individual CBA member, including nonprofits and public entities, has issues and concerns specific to its own operation, markets, and geography. CBA leverages its own expertise and network learning to offer targeted on-site and virtual technical assistance in the areas of credit builder program design, implementation, and evaluation.

#### Connect with Local Nonprofits

CBA has more than 350 nonprofit partners across the country that leverage our services to help low-income and underserved individuals and communities build credit. Many of these nonprofits work with youth, and some with youth in foster care specifically. Together with ChildFocus, CBA is in the process of documenting partnerships between CWAs and nonprofits to identify successes and best practices in working with youth in foster care. Results from this research will be available by early fall 2013.

## Child Welfare Learning Community

Credit Builders Alliance and our partner, ChildFocus, are facilitating a learning community for child welfare agencies and their partners to continue to share experiences, successes and challenges of implementing the 2011 federal legislation, along with best practices on navigating the CRA credentialing process to pull credit reports electronically, credit education, and credit building opportunities for youth.



## CBA Pilot Project

### Setting the Stage for a Lifetime of Good Credit

With funding from the Annie E. Casey Foundation, CBA is developing a pilot to provide CWAs with technical assistance in two areas:

- 1) Support on the credentialing process with CRAs to pull youth credit reports electronically including any or a combination of the following:
  - a) Tailored advice to CWAs as they navigate the CRA credentialing process to get set-up to pull reports, including credit score purchasing decisions;
  - b) Assistance on credentialing application packaging and transmission to the CRAs;
  - c) Third party agency services on behalf of CWAs to i) pull youth credit reports and advise CWA staff on report interpretation; ii) dispute negative accounts found on youth reports directly with the CRAs and individual creditors; or iii) both.
- 2) Training and technical assistance on a range of credit education content areas and delivery strategies for CWA staff, nonprofit partners and other relevant parties including, but not limited to:
  - a) Credit building education content such as how to read and interpret a credit report as a “financial resume,” how credit building impacts other financial asset building opportunities, what is in a credit score, and how youth can build and protect their credit over time;
  - b) Credit building education delivery strategies such as credit coaching and action planning as well as credible online credit education tools that offer ongoing and self-directed ways for youth to continue to manage and improve their credit in the future;
  - c) Connecting youth to responsible credit building financial products as appropriate; and
  - d) Tracking youth credit outcomes to measure and communicate their credit building successes.

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***FOR MORE INFORMATION CONTACT [PROGRAMS@CREDITBUILDERSALLIANCE.ORG](mailto:PROGRAMS@CREDITBUILDERSALLIANCE.ORG)***

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## APPENDIX A: QUICK REFERENCE

The following terms and acronyms often arise as part of the credit report request and interpretation processes.

### Definitions

**Certified Credit Counseling Agency:** An organization that provides individual and confidential financial counseling; they often produce debt management plans or other tools.

**Consumer Dispute:** CRAs must investigate, correct and/or remove any inaccurate information or information that cannot be verified. Under the FCRA both the credit reporting company and the information provider are responsible for correcting inaccurate or incomplete information in credit reports.

**Credit File:** According to the FCRA, a credit file includes “all the information on that consumer recorded and retained by a consumer reporting agency regardless of how the information is stored.”

**Credit Report:** A form of “consumer report” as defined by the FCRA generally as communications by a consumer reporting agency “bearing on a consumer’s credit worthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or mode of living” used or expected to be used in determining a consumer’s eligibility for credit or insurance, for employment purposes, or other permissible purposes listed in the statute.

**Credit Reporting Agencies (CRAs):** More commonly referred to as “credit bureaus,” credit reporting agencies collect information from various sources and provide credit information on individual consumers in the form of credit reports and scores.

**Credit Score:** A credit score is generated by a statistical analysis of information in a consumer credit report at a specific moment in time. Credit scores are designed to predict risk for lenders -- specifically the likelihood that a consumer will not fulfill his or her credit obligations.

**Fair Credit Reporting Act:** Regulates the collection of credit information and access to credit reports. It was passed in 1970 to ensure fairness, accuracy and privacy of the personal information contained in the files of the credit reporting agencies.

**Hard Inquiry:** A hard inquiry occurs when an individual applies for any type of credit, such as a mortgage, credit card or auto loan. A hard inquiry may lower an individual’s credit score because someone who has recently applied for new credit is seen as a potentially riskier borrower.

**Permissible Purposes:** Legally defined purposes by the FCRA for a credit report to be issued to a third party, including legitimate business needs and financial counseling among others.

**Soft Inquiry:** A soft inquiry, or “soft pull,” does not impact a score and occurs when an individual checks his or her own credit report or a third party pulls a report for reasons like prescreening.

**Trade line:** A credit account listed on a credit report. Each separate account is a different trade line. A trade line describes the consumer’s account status and activity including creditor names, dates accounts were opened, credit limits, types of accounts, balances owed and payment histories.

### Acronyms

**B2B:** Business Division Report

**B2C:** Consumer Disclosure Report

**CBA:** Credit Builders Alliance

**CRA:** Credit Reporting Agency

**CWA:** Child Welfare Agency

**FCRA:** Fair Credit Reporting Act

**PII:** Personal Identifying Information

**TU:** Transunion

**SSN:** Social Security Number

## APPENDIX B: FINANCIAL EDUCATION RESOURCES FOR WORKING WITH YOUTH

There are a number of online resources developed by financial education leaders that are accessible to you and the foster youth in your care. The websites below provide tools and information on a number of topics including credit, money management, and insurance.

- <http://www.mymoney.gov/> The U.S. government's website dedicated to teaching all Americans the basics about financial education.
- <http://www.hsfpp.org/about-the-program.aspx> National Endowment for Financial Education's (NEFE) High School Financial Planning Program® (HSFPP) is a turnkey financial literacy program specifically focused on basic personal finance skills that are relevant to the lives of pre-teens, teens, and young adults. Organized into six module topics (planning, borrowing, earning capability, investing, financial services, and insurance).
- <http://www.fdic.gov/consumers/consumer/moneysmart/young.html> Money Smart for Young Adults FDIC, Youth age 12-20.
- <http://www.jumpstart.org/mission.html> Jump\$tart is a national coalition of organizations dedicated to improving the financial literacy of pre-kindergarten through college-age youth by providing advocacy, research, standards and educational resources. Jump\$tart strives to prepare youth for life long successful financial decision-making.
- <http://www.actuarialfoundation.org/programs/youth/buildingyourfuture.shtml> Released to U.S. high school and community/junior college teachers by The Actuarial Foundation, Building Your Future is an engaging and relevant financial literacy curriculum, to help teens master the foundational elements of personal finance and to prepare for life on their own.
- <http://www.theabcsofcredit.com/#/Home-01-00/> Center of Student Credit Card Education.
- <http://www.consumerjungle.org/> All original Consumer Jungle Lesson Plans, Quizzes, Answer Keys, and other resources for educators are available to download (for a limited time) on this Family Economics and Financial Education (FEFE) website.
- <http://www.moneyskill.org/> Money SKILL educates high school students on the basic understanding of money management fundamentals in the content areas of income, expenses, saving and investing, credit and insurance.
- <http://www.practicalmoneyskills.com/> For Kindergarten through College.